Fleet Vehicles Agency

A Special Operating Agency within
Manitoba Transportation and Government Services

Annual Report for 2005/06

FLEET VEHICLES AGENCY

REPORT FOR THE YEAR ENDED MARCH 31, 2006

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Fleet Vehicles Agency is a Special Operating Agency
within Manitoba Transportation and Government Services

Letter from the Minister

MINISTER OF TRANSPORTATION AND GOVERNMENT SERVICES

July 17, 2006

The Honourable John Harvard
Lieutenant Governor of Manitoba
Room 235, Legislative Building
Winnipeg MB R3C 0V8

Your Honour:

I have the privilege and pleasure of presenting, for Your Honour's information, the Fleet Vehicles Agency (*FLEET*) Annual Report for the year ended March 31, 2006.

This Report marks the completion of *FLEET*'s 72nd year of operations within the provincial framework, the first 58 of which were in a branch format and the last 14 as a Special Operating Agency (SOA). It has been known by several names during that period, including the Fleet Vehicles Branch, the Central Provincial Garage and, since April 1, 1992, Fleet Vehicles Agency.

As a SOA, *FLEET* has become a model for other agencies within the province and for alternative service delivery across the country. It continues to perform in line with the expectations of all of its stakeholders.

Respectfully submitted,

Ron Lemieux
Minister Responsible for
Fleet Vehicles Agency

Letter from the Deputy Minister

Manitoba
Deputy Minister of
Government Services

332 Legislative Building
Winnipeg MB R3C 0V8

Telephone: (204) 945-4414
Facsimile: (204) 945-1857

July 17, 2006

Honourable Ron Lemieux
Minister Responsible for Fleet Vehicles Agency
Manitoba Transportation and Government Services
Room 203, Legislative Building
Winnipeg MB R3C 0V8

Dear Minister Lemieux:

I am very pleased to submit for your review and consideration the Annual Report of Fleet Vehicles Agency (*FLEET*) for the year ended March 31, 2006.

The provincial ambulance replacement program that began during the 2001/02 year was recently completed with the receipt of a final 20 ambulances in June 2006, bringing the total replacement ambulances purchased by *FLEET* during the five years to 160. Essentially all of the ambulances that were in the province when *FLEET* became involved have now been replaced, and all replacements are leased to Manitoba Health and assigned by them to the Regional Health Authorities.

An extension of the successful ambulance program for other customers is the replacement of customer-owned vehicles with *FLEET*-owned units. One of the more successful applications of this practice occurred during 2005/06 with a new customer—the St. Amant Centre in Winnipeg.

Once again, on behalf of departmental management, I would like to thank *FLEET*'s management and staff for their obvious commitment and dedication. We are pleased with the Agency's success over its 14 years as a Special Operating Agency.

Respectfully submitted,

Debra Woodgate

Debra Woodgate
Chairperson of the
Fleet Vehicles Agency Advisory Board

Chief Operating Officer's Message

FLEET
VEHICLES AGENCY

626 Henry Avenue
Winnipeg MB R3A 1P7
Tel (204) 945-0275 Fax (204) 957-1109

To the Many Stakeholders of Fleet Vehicles Agency (*FLEET*)

As is the case each year, the 2005/06 year at *FLEET* included many activities and events, some "business as usual" and some relatively new to the scene. I would like to highlight a few that I feel are worthy of note.

FLEET continued during 2005/06 to address the Government's Sustainable Development Procurement Guidelines. Our current fleet of more than 2,800 units now contains 424 that are classified as Alternate Fuel vehicles. Of that number, 20 are hybrid-electric vehicles; 190 are E85s that run on regular gasoline, or on a combination of gasoline and up to 85% ethanol; and the remainder are diesel (including 160 ambulances). The opening of an E85 fuel station at 1550 Dublin Avenue in Winnipeg is a further boost for the fleet to continue "going green".

Keys™, an asset management tool that is undoubtedly the most important tool in our fleet management service, is a product developed over the past several years by *FLEET*'s Information Technology staff. For the past two to three years, our staff has been dealing with expressions of interest for the use of the product by the Yukon Territory and by the Mechanical Equipment Services Branch (MES) of Manitoba Transportation. Arrangements were completed during the 2005/06 year, and the Yukon Territory went "live" with Keys™ in April 2006, and MES did the same at the end of June 2006. It is our intention to continue to pursue opportunities to license the Keys™ fleet management system to other jurisdictions and public sector entities in the future.

For the 2005/06 year, we are reporting net earnings of $2,595,000, slightly more than $1 million in excess of our originally projected $1,568,000. There are several reasons for the significant positive variance in reported net earnings compared to our Business Plan projection, but a large part of it results from increased business with existing and new customers. For the 2005/06 year, we projected the purchase of 337 trucks, vans and sedans. As of March 31, 2006, we show recorded vehicle and equipment acquisitions during the year of 456 units. A large portion of the 119 difference is business with existing and new customers in the broader public sector. Profitable business with that sector assists in controlling or decreasing the rates that are charged to our departmental customers.

I would be remiss if I did not once again take this opportunity to extend my appreciation to the management and staff at *FLEET*, and to our numerous stakeholders, clients and partners. The many successes that *FLEET* has enjoyed along the way would not be possible without the contributions that have been made and the team effort exhibited by all concerned.

Dennis Ducharme
Chief Operating Officer

Profile and Direction of Fleet Vehicles Agency

Fleet Vehicles Agency (*FLEET*) has one of the larger single fleets of vehicles in Manitoba and, as an agency within Manitoba Transportation and Government Services, our main clients are the departments, agencies and crown corporations of the provincial government. As a supplier of complete vehicle and equipment management services, we are, however, exploring opportunities to provide our services to broader public sector organizations throughout the province.

The fleet currently consists of more than 2,800 units including trucks (55%), vans (27%), sedans (13%) and ambulances (5%) operating from more than 600 locations throughout the province. Annual distance travelled by the fleet approximates 58 million kilometres and annual fuel consumption for vehicles owned and managed now exceeds 10 million litres.

FLEET assumed organizational responsibility for Radio Services as of April 1, 2003, with that division's technicians essentially responsible for the servicing of existing radio base stations in areas where cellular phone service is not currently available, and for the evaluation, installation, repair and maintenance of two-way radios used by its provincial and other clients in those areas.

On at least an annual basis, the management at *FLEET* scrutinizes its Mission and Vision Statements to ensure that these two important statements reflect the current direction desired by our management and staff, and by our major stakeholders.

Our Mission Statement

"We are committed to provide our clients with a complete range of quality fleet management services to assist in the efficient delivery of public programs."

FLEET's management also formulate operating goals and objectives annually, developing several guiding principles that we feel are important in the achievement of our continuing success. The critical success factors developed for 2005/06 and our results in addressing each factor's related goals and objectives are discussed in this Report in the section "Operating Objectives and Results."

As we at *FLEET* continue to work towards achieving our mission and vision, our actions and our working relationships will also be guided by, and reflect, the following important values:

Satisfy and exceed stakeholder expectations,

Provide dependable and responsive service at competitive prices,

Promote open communication and teamwork,

Encourage individual learning, growth and achievement,

Provide a safe work environment for all employees, and

Eliminate or minimize risks to the environment.

Our Vision Statement

"To provide all vehicle and equipment management services to the broader public sector."

Our Products and Services

Over the past 72 years, *FLEET* has developed a range of products and services to meet the needs of its provincial government clients. Services fall into three main groups: Vehicle and Equipment Services, Fleet Management Services, and Radio Services.

Vehicle Services include leases, long-term rentals, short-term (daily) rentals, and vehicle insurance and registration. Fleet Management Services cover a whole range of services including a *FLEET* credit card for fuel purchases, repair authorizations, a preventive maintenance program, an invoice payment service, a taxable benefit program, and a complete history of cost, maintenance and distance for each vehicle. Together, these two groups of services constitute the vehicle Full Service package recommended by *FLEET*. Since the start of the 2003/04 year, *FLEET* has also offered the services of its Radio Services division. This group's technicians install, maintain and repair two-way radios, and service existing radio base stations and remote monitoring devices throughout the province.

FLEET's employees provide complete fleet administration support and vehicle maintenance to our clients from a central Winnipeg administration office and full service repair facility. Throughout 2005/06, our staff used the valuable information collected and stored by Keys™, our Fleet Management Information System, to assist customers in analyzing aspects of their vehicle costs and to provide detailed billing data tailored to each customer's specific needs.

Vehicles currently available range from compact sedans and half ton trucks to full size vans for the majority of our clients. In 2001/02, Manitoba Health added to our vehicle types when it began leasing ambulances for use by the various Regional Health Authorities. Client specifications determine the requirements for vehicles ordered and the flexible lease terms that are arranged.

The average age of the fleet is currently 3.7 years, which is greater than our private sector competitors but comparable to other public sector fleet operations. Our vehicle replacement program maximizes fleet discounts on vehicle purchases, with those discounts reflected through our vehicle lease rates. Although the Agency can recommend optimal vehicle replacement, it is ultimately our clients' decisions when to replace their vehicles, and this is often impacted by funding limitations.

Costs arising from the acquisition and operation of a vehicle are charged monthly to our customers through rent (usually fixed for the term of the lease) and variable (based on kilometres driven) rate structures. Centralized payments of all vehicle operating and administrative costs, including repair and fuel bills, eliminate the administrative task for our customers and allow us to take advantage of discounts and volume rebates.

Our repair facility's qualified personnel provide regular servicing, repairs, parts and bodyshop maintenance. Our garage is an accredited Private and Commercial Vehicle Inspection Centre. We can inspect all types of vehicles including taxicabs, medium and heavy duty trucks, cars and light duty trucks, school and transit buses, ambulances, and air brake equipped vehicles. Our bodyshop is qualified by Manitoba Public Insurance as an accredited Autopac autobody facility.

Although it remains *FLEET*'s intention to concentrate on further development within departments and agencies of the provincial government and to make further inroads with provincial crown corporations, our vision since 1992 has been to advance new market opportunities and services on a limited basis to the broader public sector within Manitoba. Our current objective is to approach specific target markets and prospective new clients who expressed interest in the past, and to promote and position ourselves to commence the process of tapping into these markets.

Structure for Operations

Accountability Structure

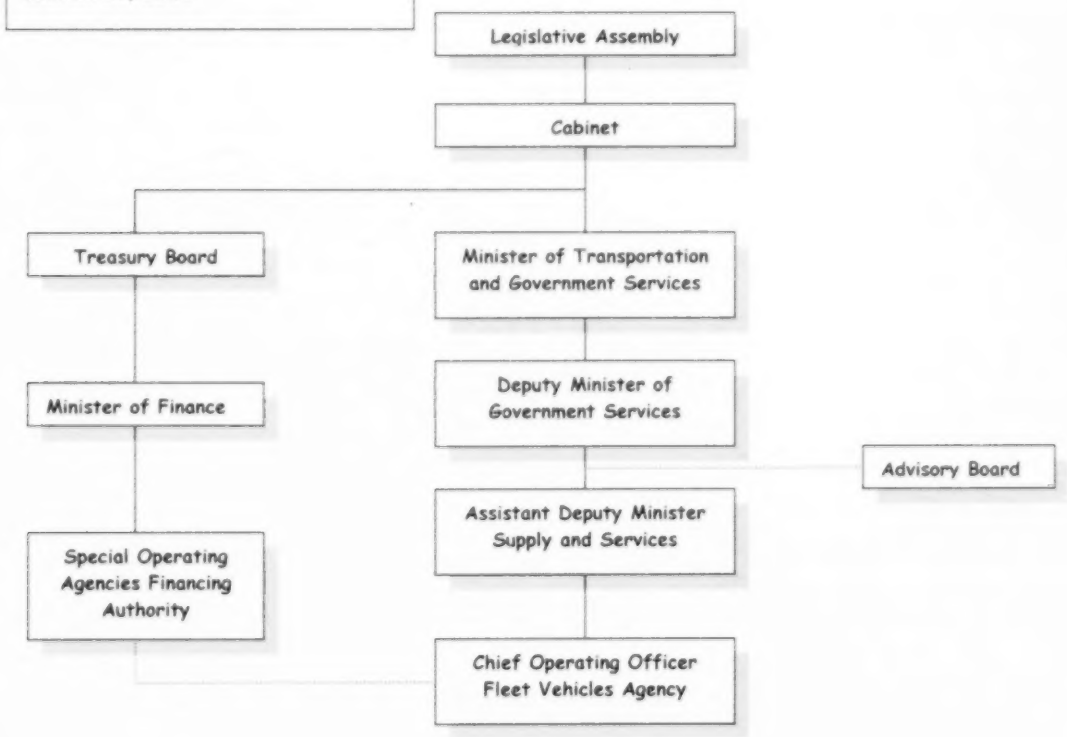
As an organization within Manitoba Transportation and Government Services, *FLEET* reports directly to the Assistant Deputy Minister, Supply and Services, and is held accountable to the Deputy Minister of Government Services and to the Minister of Transportation and Government Services for operational and financial performance.

The Agency operates outside of the Consolidated Fund under the Special Operating Agencies Financing Authority (SOAFA), which holds title to the Agency's assets, provides financing for operations, and is responsible for its liabilities.

Governance and accountability are substantiated by *FLEET*'s compliance with its Operating Charter, Transfer Agreement, Management Agreement, applicable General Manual of Administration policies, and by The Special Operating Agencies Financing Authority Act. Financial and operational information and requirements are disseminated to and from Treasury Board through a SOA Coordinator at Treasury Board Secretariat.

The Accountability Structure Chart presented below outlines the current structure.

Fleet Vehicles Agency
Accountability Structure Chart
March 31, 2006



Advisory Board

The Advisory Board for Fleet Vehicles Agency meets as required to review the Agency's financial and operating reports, the draft Business Plan, and any proposed changes to the Agency Charter. The Board's members offer advice and direction on reporting and management issues of concern to us, and on short and long term strategic planning.

Members of the *FLEET* Advisory Board as of March 31, 2006, are listed below.

Members of the Advisory Board for Fleet Vehicles Agency

CHAIR	***Debra Woodgate*** *Deputy Minister* Government Services	
MEMBERS		
Private Sector Representative	***Randy Manikel*** *Consultant* RIO Management and Consulting Ltd.	
Client Representatives	***John Hosang*** *Assistant Deputy Minister* Manitoba Transportation and Government Services	***David Wotton*** *Assistant Deputy Minister* Manitoba Conservation
Ex Officio	***Tracey Danowski*** *A/Assistant Deputy Minister* Manitoba Transportation and Government Services	***Dennis Ducharme*** *Chief Operating Officer* Fleet Vehicles Agency
Staff Representative	***Andy Chartrand*** *Environment and Program Analyst* Fleet Vehicles Agency	

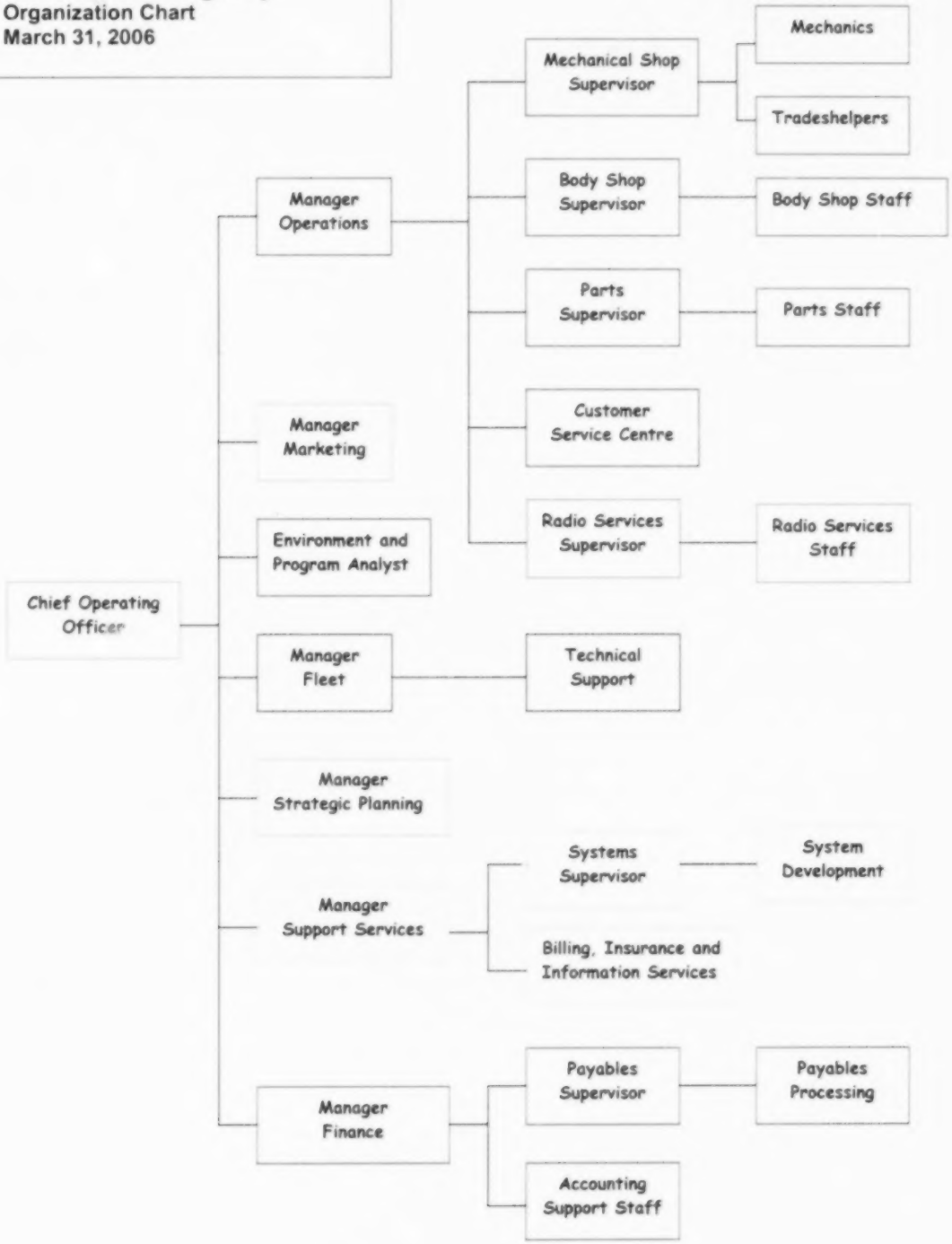
Organization Chart

FLEET's records show 61 employees as of March 31, 2006, 56 in regular positions and five in term positions. For the five indicated in term positions, three actually occupy regular positions. The majority of new employees at *FLEET* are hired as term employees for at least the first six months of their tenure. Although *FLEET*'s records indicate regular and term status, all employees are shown in the provincial payroll records as occupying Full Time Employee (FTE) numbers. Those payroll records indicate that *FLEET* has a total of 68 available FTE positions.

In January 2001, Treasury Board approved delegated authority for the Agency to manage its staff complement independently, without prior Treasury Board approval, which means that the *FLEET* management can engage incremental staff as business circumstances dictate. This delegated authority is reviewed annually by Treasury Board as a part of their review of each year's Business Plan.

The Organization Chart presented on page 9 reflects the reporting and working relationships that have developed at *FLEET* in the years since we became a Special Operating Agency.

Fleet Vehicles Agency
Organization Chart
March 31, 2006



Operating Objectives and Results

Each year, the management and staff at *FLEET* identify key objectives in the preparation of our annual Business Plan that we consider important to the continuing success of the Agency. The categories into which these factors fall during 2005/06 are highlighted below. The annual goals and objectives are monitored by management on a regular basis during the year through a detailed step-by-step performance framework that we call The *FLEET* Plan.

Highlights of our progress in meeting the performance targets that were included as a part of our 2005/06 Business Plan are provided below within each category.

Promoting Energy-Related Opportunities

Our goals during 2005/06 included continuing to work towards increased awareness of the government's Sustainable Development guidelines and initiatives with customer and prospective customer vehicle coordinators and drivers, and with all levels of staff at *FLEET*.

We have offered hybrid electric vehicles to our clients as new or replacement vehicles in their programs for the past four to five years, and have 20 (two 2001 Toyota Prius, two 2003 Honda Civic, four 2004 Honda Civic, three 2005 GM Silverado trucks, and nine 2006 Ford Escapes) in our fleet as of March 31, 2006 (17 assigned to departments, two in our short term rental pool, and one Prius now serving as our *FLEET* shuttle).

FLEET's 2007 Vehicle Ordering Guide highlights vehicles that are available with E85 capabilities (vehicles that are able to run on regular gasoline, or on a combination of gasoline and up to 85% ethanol), as well as other alternate and flexible fuel models that may be ordered. Our Environment and Program Analyst formally and informally meets with customers for consultation on E85s and other alternate fuelled vehicles. As of June 2006, our fleet now includes 190 E85 vehicles—mostly vans and sedans, but also trucks, SUVs and Suburbans.

There was a directive in September 2002 to all government departments to advise their drivers that they are required to purchase ethanol-blended fuel where it is reasonably available. A part of *FLEET*'s job is to monitor and report on the results of this directive. In 2005/06, there were 1,919,670 litres of ethanol-blended fuel purchased for vehicles in the fleet, an increase of 99,564 litres compared to litres purchased in 2004/05.

Marketing our Services to School Divisions and Rural Municipalities

Over the past several years, representatives from *FLEET* have attended and made presentations at conferences and tradeshows for school division organizations including the Manitoba Association of School Board Officials, Manitoba Association of School Trustees, and Manitoba Association of School Superintendents. In addition, we have made presentations to, or tendered on the replacement of school buses for, several school divisions.

As with school divisions, we have had expressions of interest from time to time from various municipalities about leasing arrangements for both new and "experienced" vehicles. Those expressions of interest primarily relate to trucks, vans and sedans, but have, on occasion, extended to fire trucks and other specialty vehicles. We have been a regular attendee at the Association of Manitoba Municipalities tradeshows for the past several years.

At the tradeshows, and as follow-up to those shows, we have been targeting school division and municipal decision-makers to present *FLEET*'s services and benefits to them. We have also made sure that they are aware of our ambulance and other specialty vehicle capabilities, and we have discussed the various services that *FLEET*'s repair facility can provide to them.

With *FLEET*'s assistance, the Radio Services staff has been marketing the FleetNet mobile radio services to emergency services operations in rural Manitoba municipalities. *FLEET* hopes to be able to piggyback on this opportunity to approach key people in the municipalities to also market *FLEET*'s products and services.

Dealing in a specific rather than in generalities, it appears that *FLEET*'s vehicle and equipment services are being received in a positive manner by the administrators of the City of Selkirk, a recently acquired user of *FLEET*'s monthly rental program. The *FLEET* management is hopeful that favourable discussions to date with City of Selkirk administrators coupled with their monthly rentals experience will make us an attractive option in the City's vehicle and equipment replacement requirements.

Working Towards a *FLEET*/MES Consolidation

Starting in June 2004, the consulting firm of SNC-Lavalin Inc. conducted a review of the operations of *FLEET* and the Mechanical Equipment Services Branch (MES) to develop an implementation plan to consolidate the two operations (or parts thereof) into a new Special Operating Agency to deliver both heavy and light duty vehicular services. Their report and recommendations were finalized in January 2005.

The cost details and other aspects of the report were addressed by Transportation and Government Services management, with recommendations presented to the department's Minister and two Deputy Ministers during the spring and summer months of 2005.

In August 2005, a Submission was presented to Treasury Board recommending that the consolidation of the two operations not proceed at this time. The Submission indicated that it is necessary for MES to rationalize its equipment and sites throughout the province over the next several years, including the possible impacts from the rationalization on employment and service in rural and northern Manitoba.

The 2006/07 Estimates Review Minutes in January 2006 directed "the Agency to continue exploring consolidation of the Mechanical Equipment Services Branch and the Agency into a single entity, and to return to Treasury Board with a status report regarding this matter in its 2007/08 Portfolio Review."

Expanding into Other New Markets within the Broader Public Sector

Although not targeted as a specific objective in our 2005/06 Business Plan, there is one other new customer situation in the broader public sector that deserves to be highlighted—the St. Amant Centre in Winnipeg. In its promotional material, the Centre describes itself as "a resource and residential centre dedicated to providing care and services for Manitobans with intellectual disabilities." As such, it provides 24-hour care and support to more than 200 individuals and families, with comprehensive support to many other clients within the community.

During the 2004/05 year, *FLEET* managers made presentations to, and had many meetings with, the Centre's management and staff. Some business resulted, but it was only in April 2005 when St. Amant took over the care and supervision of the clients formerly under the charge of Hydra House, that a substantial business opportunity for *FLEET* was presented.

Starting in April 2005, the Centre assigned *FLEET* management responsibility for all of their units, together with those for Hydra House. Initially, we managed 41 vehicles for them—33 were customer-owned units for which we provided monthly Fleet Management Services, and eight were *FLEET*-owned units.

During the 2005/06 fiscal year, the Centre's transportation requirements continued to grow. *FLEET* and St. Amant management have worked closely to help the Centre deliver the best possible service to meet the unique needs of the Centre's clients, while finding ways to maximize the Centre's transportation budget. In addition to 32 customer-owned units currently managed by *FLEET*, the Centre now leases from us another 20 units (16 minivans, three sedans, and one para-transit bus), and rents eight more units on a monthly basis.

The Centre plans to expand its client base and services further during the foreseeable future, probably increasing the Centre's transportation requirements in the process. In addition, up to one dozen of the St. Amant-owned units managed by *FLEET* have reached the end of their economic life, and will need replacement during 2006/07. It is the intention that all 32 of the customer-owned units will be replaced over time by *FLEET*-owned units. These two factors of anticipated growth and vehicle replacement should provide *FLEET* the opportunity to further expand its assistance to the Centre's delivery of a very valuable service to our community.

Replacing customer-owned units with *FLEET*-owned units is not something new for *FLEET*. We previously adopted this same procedure during 2001/02 when we replaced 60 of the 155 ambulances that were in the provincial fleet at that time. Replacement of ambulances has occurred each year since then. With the 20 received during the first quarter of 2005/06, we have 139 *FLEET*-owned ambulances as of March 31, 2006, that are leased to Manitoba Health and assigned by them to Regional Health Authorities. A further 20 ambulances were received by *FLEET* during the first quarter of 2006/07.

Financial Performance

The following financial review and analysis compare the actual results for the year ended March 31, 2006, to the projections for the same period and to the actual results for the year ended March 31, 2005. This review and analysis should be read in conjunction with *FLEET*'s financial statements for the year (pages 18 to 27) and the summarization of key elements from the earnings statements in Table 1.

All dollar amounts in the review and analysis are in thousands of dollars.

Operating Results

As indicated in Table 1, *FLEET* is reporting net earnings of $2,595 for the year ended March 31, 2006, compared to a projected revised forecast of $1,786 and an actual $1,242 for the years ended March 31, 2006 and 2005 respectively.

Our net earnings in 2005/06 more than doubled our net earnings in 2004/05. As reported in our 2004/05 Annual Report, net earnings for the year ended March 31, 2005, were lower than previous years and lower than projections, with the following two related contributing factors the principal reasons:

- Fuel prices jumped significantly during the first quarter of the 2004/05 year, with the increases to our variable rates occurring July 1 once we were sure that the price jumps were relatively stable.

Table 1 *(In thousands of dollars)*	Actual Year ended Mar 31 2006	Projected Year ended Mar 31 2006 Business Plan	 Revised Forecast	Actual vs. revised forecast 2005/06 Increase/ (decrease)	Actual Year ended Mar 31 2005	Actual 2005/06 vs. actual 2004/05 Increase/ (decrease)
Vehicle and equipment leases	$ 29,829	$ 27,559	$ 29,540	$ 289	$ 26,298	$ 3,531
Gain on disposal of vehicles and equipment, net	559	542	584	(25)	357	202
Interest income	1	4	1	0	7	(6)
Other income	4,637	3,512	4,015	622	3,880	757
Total revenue	**35,026**	**31,617**	**34,140**	**886**	**30,542**	**4,484**
Salaries	2,671	2,731	2,719	(48)	2,520	151
Vehicle and equipment operating expenses	26,912	24,401	26,778	134	23,918	2,994
Administrative expenses	1,689	1,740	1,680	9	1,797	(108)
Community service	43	50	48	(5)	43	0
Interest expense	1,116	1,127	1,129	(13)	1,022	94
Total expenses	**32,431**	**30,049**	**32,354**	**77**	**29,300**	**3,131**
Net earnings	**$ 2,595**	**$ 1,568**	**$ 1,786**	**$ 809**	**$ 1,242**	**$ 1,353**

- Kilometres driven during the 2004/05 year were 54,010,649, a number that was more than 2 million kilometres below our projected kilometres. Not only did this decrease in kilometres result in a direct reduction in variable revenues by approximately $400, but it compounded our inability to recover through our variable rates the fuel price increases experienced during the first quarter.

As discussed below, kilometres actually driven in 2005/06 significantly exceeded our projections; we think we reacted more effectively to offset the fuel price increases with increases to our variable rates; and the additional kilometres driven during the year compounded the contribution the rate increases made to our bottom line.

Our revised forecast, prepared in November 2005, projected that our actual net earnings for 2005/06 would exceed our original business plan number by $218. In fact, net earnings for 2005/06 exceeded our revised forecast by an additional $809. The projection of expenses in our revised forecast was reasonably close to actual expenses incurred. The $809 in additional net earnings therefore primarily results from revenues that were not included in the projections, as follows:

- Based on actual numbers for the first six months in 2005/06, we projected total kilometres to be driven in 2005/06 of 55,700,000. Actual kilometres driven amounted to 58,506,000. The additional 2,806,000 kilometres at an average variable rate of 22 cents per kilometre resulted in $617 in increased billing revenues.

- Because of the significant increase in fuel prices at the pumps during the spring and early summer months in 2005, we increased the variable rate for all classes of vehicles by four cents per kilometre as of September 1, 2005. The increased variable rates were used in the revised forecast projections, with the rates designed to cover our projected fuel, and regular repairs and maintenance, expenses during the year, as well as recover the fuel price increases from April to August.

As fuel prices decreased slightly and seemed to stabilize, we reduced our variable rates by one cent per kilometre as of December 1, 2005. That one cent decrease applied to the approximately 15,275,000 kilometres driven from December 2005 through March 2006, provided decreased billing revenue of approximately $153 in 2005/06. But, because drivers drove 2,806,000 kilometres more during the year than projected, the contribution to our bottom line from the increased kilometres driven more than nullified the effects of the reduced variable rates.

- There is a real increase in the number of assigned vehicles in our fleet, with those vehicles primarily arriving at *FLEET* and assigned to customers during the fourth quarter of 2005/06. An increased number of assigned vehicles, of course, means increased lease revenues. Our revised forecast projections suggested 390 model year 2006 trucks, vans and sedans would be ordered and received during 2005/06. Actual orders mushroomed during the fourth quarter to 427 model year 2006 units, with 411 actually received by March 31, and a further 16 that will be received during the first quarter of 2006/07. As of March 31, 2006, we have a total of 2,865 units and related equipment in the fleet (2,743 as of March 31, 2005), with only 37 of those units awaiting disposal.

- Our garage and body shop were busier in 2005/06 than they were in 2004/05 and busier than they were projected to be in our 2005/06 Business Plan. Actual service revenues in 2005/06 were $1,564 compared to $1,108 in 2004/05 and a projected $874 in 2005/06. Net of parts and other outfitting costs, a good portion of that increased business falls directly through to our bottom line.

We now provide full fleet management services as of March 31, 2006, to 55 vehicles that we do not own (including those for the St. Amant Centre discussed in a preceding section). Because we do not own the vehicles and do not report kilometres driven on them, the billings for the services provided (including the gasoline purchased for them) has been credited to Other Revenue. The amount of billings to these customers for the 574,120 litres in gasoline purchased on *FLEET* credit cards is primarily offset by the expenditure for fuel purchases that are expensed by us.

Financial Position

Vehicle and equipment units total 2,865 as of March 31, 2006, compared to 2,743 as of March 31, 2005. We received 476 units (441 trucks, vans and sedans, 20 ambulances, 14 chassis attachments, and one heavy equipment truck) during the year, and disposed of 353 trucks, vans and sedans, and one ambulance. There is a real increase in units in the fleet in recent years, with the ambulances in the provincial ambulance replacement program the most significant part of that increase. As of March 31, 2006, we now have 139 ambulances that weren't there at all prior to the 2001/02 year.

The carrying value of our capital assets at $47,347 is $3,832 more than projected and $4,126 more than it was as of March 31, 2005. For the year over year comparisons, $1,890 is the cost relating to the 20 ambulances received in June 2005. The remaining portion of each variance relates primarily to the cost of the increased size of our fleet together with the ever-increasing carrying value of our replacement trucks, vans, sedans and related equipment.

Orders for new and replacement model year 2006 vehicles now stand at 427, compared to a projected 337. As a result of this significant variance, *FLEET* requested and received incremental Loan Act Authority availability of $1,217 (with the Order in Council

providing that availability arriving in the latter part of February 2006). As of March 31, 2006, we have drawn down all of the $9,772 allotted to us, prior to the approval in The Loan Act, 2006, of the $8,300 requested in our 2006/07 Business Plan.

Our working capital payable position as of March 31, 2006, of $3,651 once again approaches our authorized limit of $4,000. Our accounts payable position of $2,639 is $1,439 higher than we projected it would be at year-end as a direct result of our working capital payable position.

Unearned revenue of $1,476 as of March 31, 2006, relates to the prepayment by departments of our annual insurance billings that would otherwise be due monthly during the year. The unearned revenue account was significantly augmented in April 2006, as it is in April each year, by the annual prepayment by certain departments of our monthly rental charges so that they may receive a 2% discount on the amounts that would otherwise be due monthly during the year.

Ratio Analysis

Table 2		March 31		
Ratio	Projected	Actual		
	2005/06 Year	**2006**	2005	2004
Return on total revenue	4.96%	**7.41%**	4.07%	7.32%
Return on average assets	3.29%	**5.13%**	2.67%	4.95%
Return on average equity	8.63%	**14.26%**	6.99%	12.41%
Debt to equity	1.67 to 1	**1.83 to 1**	1.73 to 1	1.52 to 1
Current ratio	0.38 to 1	**0.38 to 1**	0.33 to 1	0.30 to 1
Days sales in receivables	28.9 days	**31.4 days**	27.4 days	22.9 days

The three calculated rates of return in Table 2 for the year ended March 31, 2006, are higher than the actual ratios for the 2005 year and higher than the projected ratios for the 2005/06 year primarily as a result of the significantly increased net earnings reported during the 2005/06 year.

Although slightly higher than projected, our days sales in receivables ratio continues to reflect the good job that our staff is doing in staying on top of our billing and collections.

Our debt to equity ratio continues to track our increasing leverage, the result of borrowing to pay for the majority of the annual increase in the carrying value of our capital assets. Some leverage is obviously a good thing, especially as long as we are able to make money at a rate that is higher than the rates at which we can borrow. Where our net earnings become depressed, or when interest rates increase significantly, however, continuously increasing leverage may be a cause for concern.

Our current ratio at 0.38 to 1 depicts the position we are in throughout most of the year—asset rich, but cash poor. The ratio, of course, is strongly influenced by the current portion of our long-term debt and by our working capital payable balance, amounts not currently due but amounts that nonetheless require funding on a regular basis.

Responsibility for Financial Reporting

FLEET
VEHICLES AGENCY

626 Henry Avenue
Winnipeg MB R3A 1P7
Tel (204) 945-0275 Fax (204) 957-1109

Responsibility for Financial Reporting

The Fleet Vehicles Agency (*FLEET*) management is responsible for preparing the financial statements and other financial information in the Annual Report. This responsibility includes maintaining the integrity and objectivity of financial data and the presentation of *FLEET*'s financial position and results of operations and its cash flows in accordance with Canadian generally accepted accounting principles. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgement regarding all necessary estimates and all other data available through May 12, 2006.

Management maintains internal controls to properly safeguard *FLEET*'s assets. These controls also provide reasonable assurance that the books and records from which financial statements are derived accurately reflect all transactions, and that established policies and procedures are followed.

FLEET's financial statements have been audited by Grant Thornton LLP, independent external auditors. The auditors' responsibility is to express an independent opinion on whether the financial statements of *FLEET* are presented fairly, in all material respects, in accordance with Canadian generally accepted accounting principles. The Auditors' Report outlines the scope of their audit examination and provides their audit opinion.

On behalf of the *FLEET* management,

Dennis Ducharme
Chief Operating Officer

Albert Ogonoski
Manager, Finance

May 12, 2006

Auditors' Report

Grant Thornton LLP
Chartered Accountants
Management Consultants

Grant Thornton

Auditors' Report

To the
Special Operating Agencies Financing Authority

We have audited the balance sheet of **Fleet Vehicles Agency, an Agency of the Special Operating Agencies Financing Authority, Province of Manitoba** as at March 31, 2006 and the statements of earnings, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2006, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Winnipeg, Canada
May 12, 2006

Chartered Accountants

200 - One Lombard Place
Winnipeg, Manitoba
R3B 0X3
T 204 944-0100
F 204 957-5442
E Winnipeg.GrantThornton.ca
W www.GrantThornton.ca

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Financial Statements

Statements of Earnings and Retained Earnings
Year Ended March 31
(In thousands)

		2006	2005 (Note 10)
Revenue	Vehicle and equipment leases	**$ 29,829**	$ 26,298
	Gain on disposal of vehicles and equipment, net	**559**	357
	Interest income	**1**	7
	Other revenue (Page 27)	**4,637**	3,880
		35,026	30,542
Expenses	Salaries	**2,671**	2,520
	Vehicle and equipment operating expenses (Page 27)	**26,912**	23,918
	Administrative expenses (Page 27)	**1,689**	1,797
	Community service	**43**	43
	Interest expense	**1,116**	1,022
		32,431	29,300
Net earnings		**$ 2,595**	$ 1,242

Retained earnings, beginning of year	**$ 13,364**	$ 13,622
Net earnings	**2,595**	1,242
Revenue sharing to the Consolidated Fund	**(1,500)**	(1,500)
Retained earnings, end of year	**$ 14,459**	$ 13,364

See accompanying notes to the financial statements.

Financial Statements

Balance Sheet
March 31
(In thousands)

		2006	2005
Assets	Current		
	Receivables (Note 3)	**$ 3,309**	$ 2,597
	Inventories	**205**	185
	Prepaids	**2,000**	1,859
		5,514	4,641
	Capital assets (Note 4)	**47,347**	43,221
	Receivable from the Province of Manitoba		
	Severance pay benefits (Note 5)	**270**	270
		$ 53,131	$ 48,132
Liabilities	Current		
	Working capital payable, net of cash (Note 6)	**$ 3,651**	$ 3,740
	Payables and accruals	**2,639**	2,849
	Revenue sharing to the Consolidated Fund	**375**	
	Unearned revenue	**1,476**	1,046
	Current portion of long-term debt	**6,442**	6,219
		14,583	13,854
	Long-term debt (Note 7)	**19,354**	16,203
	Severance pay liability (Note 5)	**451**	427
		34,388	30,484
Equity	Contributed equity (Note 8)	**4,284**	4,284
	Retained earnings	**14,459**	13,364
		18,743	17,648
		$ 53,131	$ 48,132

Commitments (Note 9)

See accompanying notes to the financial statements.

Financial Statements

Statement of Cash Flows
Year Ended March 31
(In thousands)

		2006	2005
Increase (decrease) in cash and cash equivalents			
Operating	Net earnings	**$ 2,595**	$ 1,242
	Amortization	**9,702**	8,814
	Gain on disposal of vehicles and equipment, net	**(559)**	(357)
	Increase in severance pay liability	**42**	41
	Payment of severance pay benefits	**(18)**	
		11,762	9,740
	Change in		
	Receivables	**(712)**	(468)
	Inventories	**(20)**	46
	Prepaids	**(141)**	(120)
	Payables and accruals	**(210)**	593
	Revenue sharing to the Consolidated Fund	**375**	
	Unearned revenue	**430**	32
		11,484	9,823
Investing	Proceeds from disposal of vehicles and equipment	**1,867**	1,440
	Acquisition of vehicles and equipment for lease	**(14,957)**	(12,268)
	Acquisition of equipment for operations	**(65)**	(175)
	Acquisition of leasehold improvements	**(114)**	
		(13,269)	(11,003)
Financing	Proceeds from Loan Act Authority draw downs	**9,772**	10,045
	Long-term debt repayments	**(6,398)**	(8,445)
	Revenue sharing to the Consolidated Fund	**(1,500)**	(1,500)
		1,874	100
Net increase (decrease) in cash and cash equivalents		**89**	(1,080)
Working capital payable, net of cash and cash equivalents			
	Beginning of year	**(3,740)**	(2,660)
	End of year	**$ (3,651)**	$ (3,740)

See accompanying notes to the financial statements.

Financial Statements

Notes to the Financial Statements
March 31, 2006
(In thousands)

1. Nature of organization

In 1934, Fleet Vehicles was created as a branch of the Manitoba Provincial Government to provide a centralized fleet management program. It was established to achieve economies of scale and to lower overall fleet costs to government.

Effective April 1, 1992, the Fleet Vehicles branch was designated as a Special Operating Agency under The Special Operating Agencies Financing Authority Act, Cap. S185, C.C.S.M., and operates under a charter approved by the Lieutenant Governor in Council.

Effective April 1, 2003, the Radio Services Program within the Desktop, Telecommunications and Network Services Branch of the Department of Transportation and Government Services was transferred to the Agency.

The Agency is financed through the Special Operating Agencies Financing Authority (SOAFA). SOAFA has the mandate to hold and acquire assets required for and resulting from Agency operations. It finances the Agency through repayable loans and working capital advances. This financial framework enables the Agency to operate in a business-like manner according to public policy expectations.

A 1992 Management Agreement between SOAFA and the then Minister of Government Services assigns responsibility to the Agency to manage and account for the Agency-related assets and operations on behalf of SOAFA.

Fleet Vehicles Agency continues to be part of Manitoba Government Services under the general direction of the Assistant Deputy Minister, Supply and Services Division, and ultimately the policy direction of the Deputy Minister and the Minister of Transportation and Government Services.

Fleet Vehicles Agency remains bound by relevant legislation and regulations. It is also bound by administrative policy except where specific exemptions have been provided in its charter in order to meet business objectives.

Fleet Vehicles Agency is economically dependent on The Government of Manitoba, as it derives most of its revenue and all of its capital financing requirements from the Province.

2. Significant accounting policies

Basis of reporting

The financial statements of the Agency are presented in accordance with Canadian generally accepted accounting principles.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of bank overdrafts and short term investments with original maturities of six months or less. Bank borrowings are considered to be financing activities.

Financial Statements

Notes to the Financial Statements
March 31, 2006
(In thousands)

2. ***Significant accounting policies*** (continued)

Inventories

Inventories are valued at the lower of cost and market value. Cost is determined on a weighted average basis.

Capital assets

Rates and bases of amortization applied to write off the cost less estimated salvage value of capital assets over their estimated lives are as follows:

Vehicles	30%, declining balance
Vehicles and equipment (signed lease agreement)	straight line over term of lease
Office and shop equipment	20%, declining balance
Computer software and equipment	20%, straight line
Leasehold improvements	10%, straight line

Pension benefits

Employees of Fleet Vehicles Agency are eligible for pension benefits in accordance with the provisions of the Civil Service Superannuation Act (CSSA), administered by the Civil Service Superannuation Board. The CSSA established a defined benefit plan to provide benefits to employees of the Manitoba Civil Service and to participating agencies of the provincial government, including the Agency, through the Civil Service Superannuation Fund.

Effective March 31, 2001, pursuant to an agreement with the Province of Manitoba, the Agency transferred the pension liability for its employees to the Province. Commencing April 1, 2001, the Agency was required to pay to the Province an amount equal to its employees' current pension contributions. The amount paid for the year ended March 31, 2006, was $128 (2005: $121). Under this agreement, the Agency has no further pension liability.

Use of estimates

In preparing the Agency's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

Financial instruments

The Agency's financial instruments consist of accounts receivable, accounts payable and long-term debt. Unless otherwise noted, it is management's opinion that the Agency is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

Revenue recognition

Fixed rate lease revenue is recognized on a straight-line basis over the term of the lease. Variable rate lease revenue is recognized monthly based on equipment usage. Service revenue is recognized when the services have been performed.

Financial Statements

Notes to the Financial Statements
March 31, 2006
(In thousands)

3. Receivables

	2006	2005
Trade	$ 1,784	$ 1,342
Accrued trade	1,105	867
Insurance agency rebate receivable	420	388
	$ 3,309	$ 2,597

4. Capital assets

	Cost	Accumulated Amortization	2006 Net Book Value	2005 Net Book Value
Vehicles and equipment for lease	$ 85,978	$ 39,192	$ 46,786	$ 42,698
Office, shop and computer equipment	1,271	983	288	324
Leasehold improvements	703	430	273	199
	$ 87,952	$ 40,605	$ 47,347	$ 43,221

5. Severance pay liability

Effective April 1, 1998, the Agency commenced recording accumulated severance pay benefits for its employees. The amount of severance pay obligations is based on actuarial calculations. The periodic actuarial valuations of these liabilities may determine that adjustments are needed to the recorded amounts when actual experience is different from that expected and/or there are changes in actuarial assumptions used. The resulting actuarial gains or losses, when material in amount, are amortized over the expected average remaining service life of the related employee group.

The Province has accepted responsibility for the severance benefits accumulated by the Agency's employees through specific dates. That responsibility is currently reflected by a $194 receivable from the Province for the employees at the Agency as of March 31, 1998, together with a $76 receivable from the Province for the employees at Radio Services as of March 31, 2003, who are also now with the Agency.

The receivable from the Province will only be collected, in whole or in part, in the event there is a cash shortfall in the Agency. It is probable, therefore, that collection will only occur on the dissolution of the Agency.

An actuarial valuation report was completed for the severance pay liability as of March 31, 2005. The report provides a formula to update the liability on an annual basis. In accordance with the formula, the Agency's liability is recalculated annually, with payments to retiring employees no longer with the Agency or the Province charged against the liability. The Agency's actuarially determined net liability for accounting purposes as of March 31, 2006, was $451 (2005: $427).

Financial Statements

Notes to the Financial Statements
March 31, 2006
(In thousands)

6. *Working capital payable*

The Agency has an authorized line of working capital advances of $4,000, $3,704 of which was used as of March 31, 2006 (2005: $3,778).

7. *Long-term debt*

By virtue of the Management Agreement, the Agency is responsible for the repayment of debts assumed by the Special Operating Agencies Financing Authority (SOAFA) on its behalf. SOAFA holds the debt instruments listed in this Note on behalf of Fleet Vehicles Agency.

Loan Act Authority long-term debt is repayable in semi-annual instalments of principal and interest, as follows:

Interest Rate	Instalment Amount	Maturity Date	Principal Balance Owing March 31 2006	2005
6 5/8%	$ 167	September 30, 2005	$	$ 161
5 3/4%	495	March 31, 2006		949
5 3/8%	121	September 30, 2006	118	345
4 3/4%	243	September 30, 2006	237	695
5 5/8%	174	March 31, 2007	334	650
4 1/4%	179	September 30, 2007	516	842
4 3/4%	397	March 31, 2008	1,499	2,198
6.425%	146	March 31, 2009	785	1,015
3 5/8%	149	March 31, 2009	842	1,103
3 1/2%	259	March 31, 2009	1,462	1,916
5 1/4%	159	September 30, 2009	1,007	1,263
5 5/8%	134	September 30, 2009	843	1,055
4 1/8%	56	September 30, 2009	361	455
4%	167	March 31, 2010	1,223	1,500
4 3/8%	438	March 31, 2010	3,186	3,900
5 1/8%	123	September 30, 2010	974	1,162
4 3/4%	227	March 31, 2011	2,000	
4 3/4%	451	March 31, 2011	3,972	
4 7/8%	137	September 30, 2011	1,305	1,507
4 3/4%	137	September 30, 2012	1,512	1,706
4.05%	140	September 30, 2013	1,798	
4 1/8%	117	September 30, 2015	1,822	
Total principal owing as of March 31			25,796	22,422
Amount due within one year			6,442	6,219
Long-term debt as of March 31			$ 19,354	$ 16,203

Financial Statements

Notes to the Financial Statements
March 31, 2006
(In thousands)

7. *Long-term debt* (continued)

Unused loan authority of $955 was available as of March 31, 2005. An additional $7,600 of loan authority availability was approved during June 2005 in The Loan Act, 2005 and a further $1,217 was approved during January 2006 in The Financial Administration Act.. Loan authority amounts were drawn down at various times during the 2005/06 year, with the $9,772 in availability fully utilized as of March 31, 2006.

As of March 31, 2006, principal repayments in each of the next five years are as follows:

2007	$ 6,442
2008	5,839
2009	5,122
2010	3,890
2011	2,367

8. *Contributed equity*

The Special Operating Agencies Financing Authority (SOAFA) and The Government of Manitoba entered into a Transfer Agreement in connection with the transfer from the Government to SOAFA of assets valued at $12,353 required for the continuing operations of Fleet Vehicles Agency as of March 31, 1992. The Agency has repaid the debt portion in the amount of $8,235 (2/3 of the value of the assets) and has recorded the balance of $4,118 (1/3 of the value of the assets) as the Government's equity in SOAFA relating to the Agency's operations.

The Agency's contributed equity was increased by $166 as of April 1, 2003, with the transfer of the net assets of Radio Services to the Agency.

9. *Commitments*

(a) Pursuant to a Memorandum of Understanding dated May 31, 1996, the Agency entered into a lease agreement with The Government of Manitoba through Manitoba Government Services for the rental of the facilities at 626 Henry Avenue, Winnipeg, Manitoba. Occupancy charges for each fiscal year including 2006/07 are established annually based on the approved budget for the Department of Transportation and Government Services. Occupancy charges for 2006/07 are estimated at $473 for the year, to be paid in quarterly instalments during 2006/07.

(b) The Agency's approved 2006/07 Business Plan calls for $1,500 in revenue sharing to be paid in quarterly instalments to the Consolidated Fund during 2006/07.

10. *Comparative figures*

Certain of the comparative figures in the financial statements for the year ended March 31, 2005, have been reclassified to conform to the financial statement presentation used in the current year.

Financial Statements

Notes to the Financial Statements
March 31, 2006
(In thousands)

11. Requirements of The Public Sector Compensation Disclosure Act

Pursuant to Section 2(1) of the Act, the following employees of Fleet Vehicles Agency received compensation, directly or indirectly, of $50 or more in the fiscal year ended March 31.

Name	Position	2006	2005
Kathryn Bernhardt	Manager, Support Services	$ 59	$ 59
Derek Boutang	Systems Analyst	67	61
Andy Chartrand	Environment and Program Analyst	53	
Donald Chesney	Manager, Fleet	70	66
Dennis Ducharme	Chief Operating Officer	91	86
James Ellison	Radio Services Technician	59	
Grant Fraser	Mechanical Shop Supervisor	56	
Richard Heck	Systems Analyst	57	52
Jordan Janisse	Systems Supervisor	77	71
Kevin Kilbrei	Manager, Marketing	61	55
David Kroeker	Programmer Analyst	65	61
Vladimair Lachowsky	Radio Services Technician	57	
Robert Nolin	Body Shop Supervisor	54	
Albert Ogonoski	Manager, Finance	68	64
Allan Pawluk	Radio Services Technician	54	
William Reynolds	Manager, Strategic Planning	67	63
Guy Sinclair	Manager, Operations	80	69
Sean Stephen	Radio Services Supervisor	56	55

Financial Statements

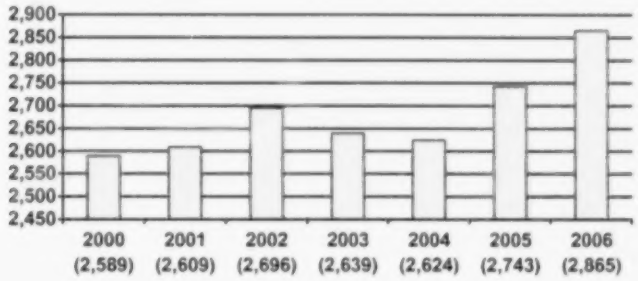
Schedule of Other Revenue and Expenses
Year Ended March 31
(In thousands)

		2006	2005 (Note 10)
Other revenue	Autopac service revenue	**$ 509**	$ 394
	Garage regular service	**1,055**	714
	Insurance premium rebates	**879**	802
	Other, including fuel billings for managed vehicles that are not owned	**741**	278
	Radio Services	**1,453**	1,692
		$ 4,637	$ 3,880
Vehicle and equipment operating expenses	Amortization	**$ 9,520**	$ 8,614
	Fuel	**9,046**	7,248
	Insurance premiums	**3,472**	3,216
	Licenses	**136**	138
	Repairs and maintenance	**4,738**	4,702
		$ 26,912	$ 23,918
Administrative expenses	Amortization	**$ 182**	$ 200
	Fleet management information system	**176**	184
	Human resource overhead	**531**	513
	Occupancy costs	**505**	490
	Other costs	**164**	154
	Professional fees	**20**	156
	SOAFA charges	**3**	3
	Supplies and materials	**63**	55
	Telephone and communication	**45**	42
		$ 1,689	$ 1,797

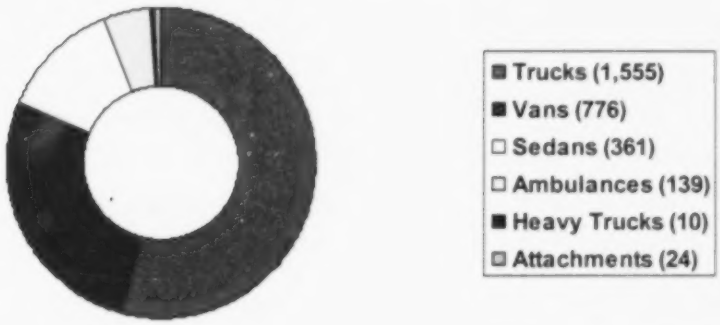
FLEET Facts

Year Ended March 31	Projected 2005/06	**Actual 2005/06**	Actual 2004/05
Distance			
Total kilometres driven (000s)	52,246	**58,506**	54,011
Revenue			
Total lease revenue (000s)	$ 27,559	**$ 29,829**	$ 26,298
All other revenue (000s)	$ 4,058	**$ 5,197**	$ 4,244
Total revenue (000s)	$ 31,617	**$ 35,026**	$ 30,542
Average lease rate per kilometre	$ 0.5275	**$ 0.5098**	$ 0.4869
Fleet Composition			
Trucks, vans, sedans and attachments- full fleet management services	2,226	**2,430**	2,363
Trucks, vans and sedans - dry (no fleet management services)	260	**296**	260
Ambulances – full fleet management services	140	**139**	120
Number of units in the fleet	2,626	**2,865**	2,743
Acquisitions – Vehicles and equipment, other than ambulances	337	**456**	360
Acquisitions - Ambulances	20	**20**	20
Average acquisition cost - Trucks, vans and sedans (000s)	$ 29.2	**$ 28.7**	$ 29.0
Average acquisition cost - Ambulances (000s)	$ 95.0	**$ 94.5**	$ 91.8
Disposals - Trucks, vans, sedans and ambulances	324	**354**	261
Average disposal proceeds (000s)	$ 5.0	**$ 5.3**	$ 5.5
Gain on disposal of vehicles (000s)	$ 542	**$ 559**	$ 357
Average vehicle age (in years)	3.8	**3.7**	3.9
Fuel Consumption			
Litres for full fleet management services vehicles (000s)	9,279	**10,087**	9,246
Price per litre	$ 0.8140	**$ 0.8485**	$ 0.7378
Litres consumed per 100 kilometres	17.76	**17.24**	17.12

Vehicles and Related Equipment as of March 31 *(in units)*

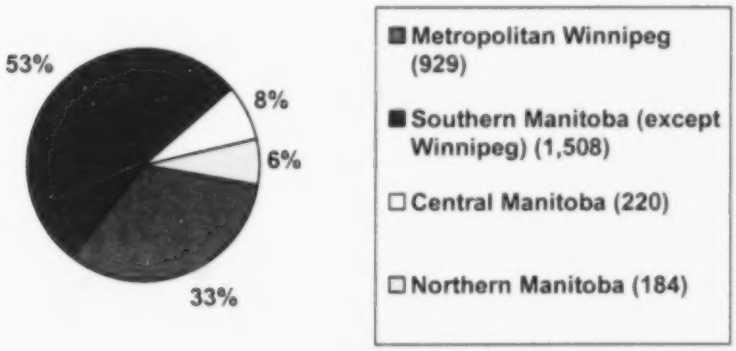


Vehicle and Equipment Type as of March 31, 2006 *(in units)*

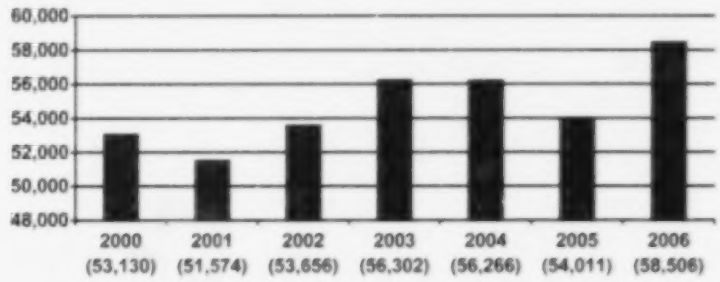


Distribution of Vehicles as of March 31, 2006 *(as designated by MPI regions)*

(the location of the 24 equipment attachments is excluded from these numbers)

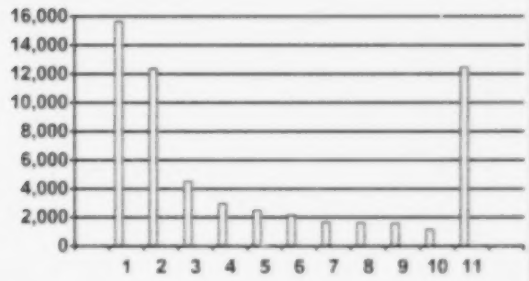


Fleet Distance for the Year Ended March 31 *(in thousands of kilometres)*



Distance by Department in 2005/06

(in thousands of kilometres)



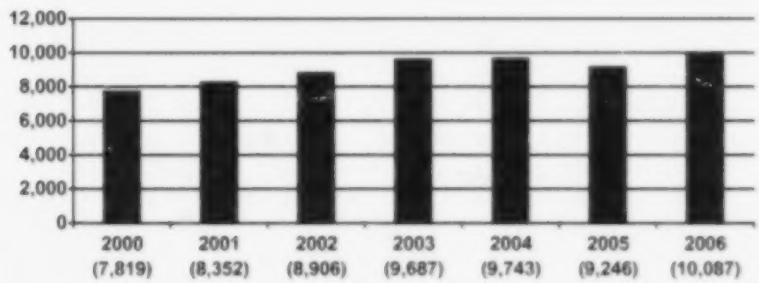
Distance by Department Legend

(in thousands of kilometres)

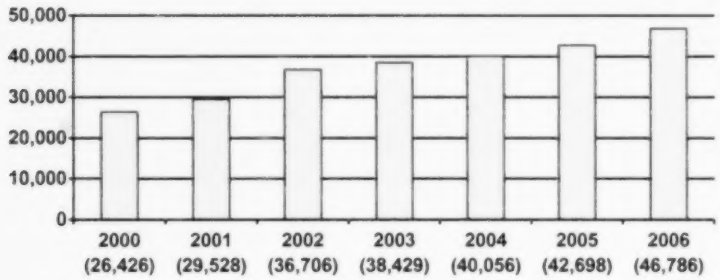
1.	Transportation and Government Services	15,662
2.	Conservation (Note)	12,360
3.	Health – Emergency Services	4,516
4.	Justice	2,948
5.	Family Services and Housing	2,456
6.	Manitoba Lotteries Corporation	2,145
7.	Agriculture, Food and Rural Initiatives	1,644
8.	Water Stewardship (Note)	1,617
9.	Intergovernmental Affairs and Trade	1,560
10.	Housing Authority	1,135
11.	Others (90 other customers)	12,463
	Total distance in 2005/06	58,506

Note – Water Stewardship numbers from April to August 2005 are included in those for Conservation.

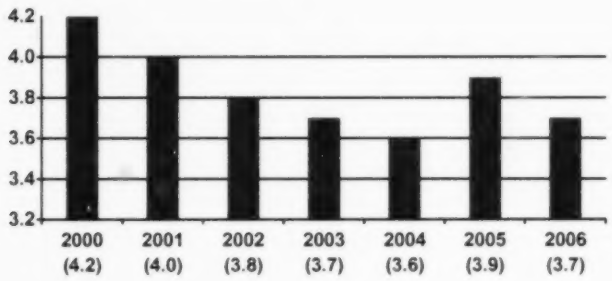
Fuel Consumption for Full Fleet Management Services Vehicles *(in thousands of litres)*



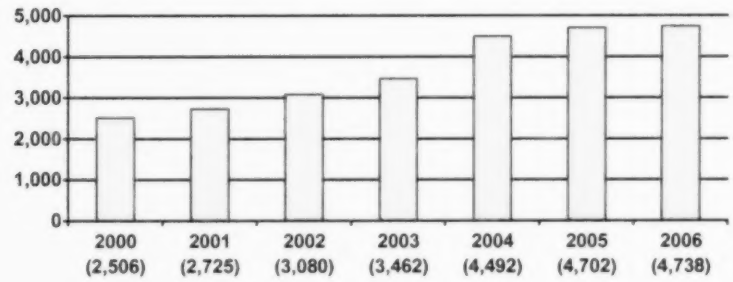
Carrying Value of Vehicles and Equipment for Lease (Cost less Accumulated Amortization) as of March 31 *(in thousands of dollars)*



Average Vehicle Age *(in years)*



Vehicle and Equipment Repairs and Maintenance Costs *(in thousands of dollars)*
(including Radio Services parts and repairs starting in 2004)



FLEET Contacts

Dennis Ducharme
Chief Operating Officer
Phone: (204) 945-3680

Don Chesney
Manager, Fleet
Phone: (204) 945-3303

Guy Sinclair
Manager, Operations
Phone: (204) 945-8897

Grant Fraser
Mechanical Shop Supervisor
Phone: (204) 945-5559

Robert Nolin
Body Shop Supervisor
Phone: (204) 945-8135

Grant Recknell
Radio Services Supervisor
Phone (204) 945-8988

Kathryn Bernhardt
Manager, Support Services
Phone: (204) 945-3309

Andy Chartrand
Environment and Program Analyst
Phone: (204) 945-5242

Kevin Kilbrei
Manager, Marketing
Phone: (204) 945-4462

Albert Ogonoski
Manager, Finance
Phone: (204) 945-4793

Bill Reynolds
Manager, Strategic Planning
Phone: (204) 945-3506

Susie Ehnes and **Gisele Fazackerley**
Customer Service
Phone: (204) 945-4606, 945-4615
and 1-800-363-6693

Fleet Vehicles Agency

626 Henry Avenue
Winnipeg, Manitoba
R3A 1P7
Phone: (204) 945-0275
Fax: (204) 957-1109
E-Mail: fvainfo@fva.gov.mb.ca
Web Site: www.fva.gov.mb.ca

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